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MEMORANDUM FOR: All Approved Mortgagees Doing Business in the State of Mississippi

FROM: Charles E. Gardner, Director, Atlanta Homeownership Center (HOC)

SUBJECT: Atlanta Homeownership Center (HOC) Circular Letter 03-01
Restrictions on use of provisions in Mortgagee Letter 01-27 for properties located in the
Kingsview Lake Subdivision, Horn Lake, MS

This memo is to inform lenders regarding restriction on the use of the expanded procedures as described in Mortgagee Letter 01-27, "Pre-Approval Requirements for New Construction and an Alternative to the Inspection Requirements" for a specific subdivision, Kingsview Lake Subdivision located in Horn Lake, Mississippi. The expanded procedures outlined in the Mortgagee Letter 01-27 provided that neither an Early Start Letter nor a ten year warranty were necessary when both a Building Permit and Certificate of Occupancy were issued by a local jurisdiction. The Certificate of Occupancy (or its equivalent) can be used as evidence of local inspections.

Based on recent problems within the subject subdivision, HUD must implement the following requirement. When processing applications within the Kingsview Lake Subdivision for new construction high ratio loans, a final inspection and a ten-year warranty is required. A FHA Fee Panel Inspector must complete the final inspection. Mortgagees must include a copy of the final inspection report in the endorsement binder.

To determine whether an application is located within the subject subdivision, mortgagees should thoroughly review appraisal reports for properties in the vicinity of the subject area. The appraisal should indicate the name of the subdivision on the appraisal. The above changes are effective for case numbers ordered on or after the date of this Circular Letter.